

MANAGEMENT SUMMARY

Current Year (FY 2002-2003) Projected Expenditures

(Dollars in Millions)

Total Medi-Cal local assistance expenditures in the Department of Health Services (DHS) budget in the Current Fiscal Year as compared to the Initial Appropriation are as follows:

Total Expenditures	Initial Appropriation		Nov 2002 Estimate		Change	
	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds
Medical Care Services	\$25,034.6	\$11,194.6	\$27,133.0	\$11,884.4	\$2,098.4	\$689.8
County Administration	\$1,464.0	\$460.0	\$1,679.9	\$495.6	\$215.9	\$35.6
Fiscal Intermediary	\$332.3	\$99.9	\$355.7	\$111.7	\$23.4	\$11.8
TOTAL	\$26,830.9	\$11,754.5	\$29,168.6	\$12,491.7	\$2,337.7	\$737.2

Some DHS programs involve special funding through intergovernmental or voluntary governmental transfers, certification of the non-Federal share, and other non-General Fund special fund sources. These are as follows:

Special Funding	Initial Appropriation		Nov 2002 Estimate		Change	
	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds
Medical Care Services	\$3,462.3	\$1,908.7	\$3,772.3	\$1,891.9	\$310.0	(\$16.8)
County Administration	\$262.8	\$1.9	\$379.3	\$1.9	\$116.5	\$0.0
Fiscal Intermediary	\$2.6	\$2.5	\$0.8	\$0.8	(\$1.8)	(\$1.7)
TOTAL	\$3,727.7	\$1,913.1	\$4,152.4	\$1,894.6	\$424.7	(\$18.5)

Disregarding the expenditures which involve special funding and have no General Fund impact on Item 4260-XXX-0001, the estimated expenditures funded by State General Fund (Items 4260-101, 4260-102, 4260-113, & 4260-117) are as follows:

Total General Fund Expenditures	Initial Appropriation		Nov 2002 Estimate		Change	
	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund
Medical Care Services	\$21,572.3	\$9,285.9	\$23,360.7	\$9,992.5	\$1,788.4	\$706.6
County Administration	\$1,201.2	\$458.1	\$1,300.6	\$493.7	\$99.4	\$35.6
Fiscal Intermediary	\$329.7	\$97.4	\$354.9	\$110.9	\$25.2	\$13.5
TOTAL	\$23,103.2	\$9,841.4	\$25,016.2	\$10,597.1	\$1,913.0	\$755.7

Expenditures for programs administered by other State Departments are budgeted in the DHS budget, often as only the Federal share. Expenditures for other State Department's programs included in the DHS budget are as follows:

Other State Dept. Programs	Initial Appropriation		Nov 2002 Estimate		Change	
	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund
Medical Care Services	\$3,380.3	\$418.2	\$3,907.6	\$514.3	\$527.3	\$96.1
County Administration	\$305.7	\$25.5	\$329.2	\$25.5	\$23.5	\$0.0
Fiscal Intermediary	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL	\$3,686.0	\$443.7	\$4,236.8	\$539.8	\$550.8	\$96.1

Disregarding the expenditures which are not under the direct control of DHS, the estimated DHS administered Medi-Cal local assistance expenditures funded by State General Fund are shown below.

DHS General Fund Expenditures	Initial Appropriation		Nov 2002 Estimate		Change	
	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund
Medical Care Services	\$18,192.0	\$8,867.7	\$19,453.1	\$9,478.2	\$1,261.1	\$610.5
County Administration	\$895.5	\$432.6	\$971.4	\$468.2	\$75.9	\$35.6
Fiscal Intermediary	\$329.7	\$97.4	\$354.9	\$110.9	\$25.2	\$13.5
TOTAL	\$19,417.2	\$9,397.7	\$20,779.4	\$10,057.3	\$1,362.2	\$659.6

The Medi-Cal General Fund (GF) deficit in 2002-03 from the 2002-2003 Initial Appropriation is further explained as follows (dollars in millions):

Mid-Year Reduction Proposal:

PC 20	Reinstatement of Quarterly Status Reporting	-5.0
PC 21	Rollback of Section 1931(b) Expansion	-6.2
PC 30	Dental Services for Pregnant Women	-5.1
PC 48	Optional Benefit Eliminations	-63.3
PC 83	ICF-DD Quality Assurance Fee	+8.9
PC 113	Provider 10% Rate Reduction	-90.4

Governor's Budget Reduction Proposals:

--	Wage Rate Adjustment for LTC	-21.0
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2002 Savings Proposals (Lag/Reduction in Savings):

PC 39	DME/Lab Contracting	+6.6
PC 40	Medical Case Management	+9.0
PC 43	Dental Services Reduction	+2.0
PC 49	Drug Budget Reduction	+65.0
PC 88	Pharmacy \$0.15 Increase	+1.2
PC 111	Medical Supply Reduction	+8.4
--	Provider Rate Reductions	+71.1

2002 Legislative Adjustments (Unrealized savings):

--	Additional Anti-Fraud Savings	+100.0
--	PACE Expansion Savings	+1.1
--	Caseload Adjustment	+23.0

Other Policy Changes:

PC 1	Family PACT	+11.1
PC 2	Craig Lawsuit	+86.5
PC 24	Adult Day Health Care	+8.9
PC 44	Neonatal Intensive Care Decrease	+7.3
PC 45	Fetal Fibronectin During Pregnancy	+17.8
PC 70	Mental Health Services	+78.2
PC 71	Buy-In	+11.2
PC 81	FY 2002-03 LTC Rate Adjustment	+3.1
PC 85	Annual MEI Increase for FQHCs	+4.1
PC 114	2000-01 Anti-Fraud Expansion	+21.5

Base:

	Unanticipated Eligible Growth	+79.6
	Increase in Units/User	+45.5
	Increased Cost/Unit	+23.0

Impact of 2001-02 Inpatient Rate Increases	+55.0
Increase in Users (not related to eligible growth)	+76.2
Continuing Eligibility Children in Managed Care	+55.0
Prenatal Coverage for Undocumented Women	+10.9
<i>County Administration</i>	+35.6
<i>Fiscal Intermediary</i>	+13.5
<i>All Other Changes</i>	<u>+6.4</u>
<i>Net General Fund Change</i>	+755.7

The following paragraphs briefly describe each of the above items:

1. PC 20 Reinstatement of Quarterly Status Reporting: Quarterly status reporting was eliminated for adults in family cases in January 2001. The Governor's Mid-Year Reduction Proposal includes reinstatement of this reporting effective April 2003. Savings from reinstating the reporting requirement is expected to be \$5 million GF in 2002-03. The savings is expected to increase by \$80 million GF in 2003-04 for a total savings in that year of \$85 million.
2. PC 21 Rollback of Section 1931(b) Expansion: In March 2000 the 1931(b) Program was expanded to provide coverage to families with earned income below 100% of poverty. Effective April 2003, the Governor's Mid-Year Reduction Proposal rolls back the eligibility requirements to those in place prior to March 2000. Parents applying for Medi-Cal will only be eligible if there is an absent, incapacitated or deceased parent or the parent who is the principal wage earner is working less than 100 hours a month. In addition, family income must be below the maintenance need (approximately 75% of poverty) for the parents to qualify without a share of cost. The savings from this rollback is expected to be \$6.2 million GF in 2002-03. It will increase by \$111.8 million GF in 2003-04, for a total savings in that year of \$118 million GF.
3. PC 30 Dental Services for Pregnant Women: One of the optional benefits being eliminated under the Governor's Mid-Year Reduction Proposal (See PC 48 below) is dental services for adults not in long-term care (LTC). This will eliminate the expansion of dental services to all pregnant women that began in October 2002. The savings will be \$5.1 million GF in 2002-03, increasing by \$5.2 million GF in 2003-04 to \$10.3 million GF over the 2002-03 Appropriation. However, the provision of these services is expected to result in savings. These savings, identified in PC 44 Neonatal Intensive Care Decrease, will be reduced by \$7.3 million in 2002-03 and then increase by \$1 million in 2003-04. The reduction in 2002-03 is due to both a six-month delay in implementation of

the program and the fact that savings will end in November 2003 as a result of the April 2003 elimination of adult dental services.

4. PC 48 Optional Benefit Eliminations: The Governor's Mid-Year Reduction Proposal includes the elimination of dental, podiatry, rehabilitation clinic, acupuncture, occupational therapy, medical supply, chiropractic and psychology services for adults not in LTC effective April 2003. The savings in 2002-03 for the elimination of these services is expected to be \$63.3 million GF. The Governor's Budget further proposes to eliminate the following additional services for adults not in LTC effective July 2003: hospice, nonemergency medical transportation, optometry, optical lab, physical therapy, speech and audiology services, along with prosthetics, orthotics, hearing aids and durable medical equipment. The savings for the elimination of optional benefits is expected to increase by \$298.6 million GF in 2003-04, for a total savings of \$361.8 million GF.
5. PC 83 ICF-DD Quality Assurance Fee: The Governor's Mid-Year Reduction Proposal imposes a quality assurance fee on all intermediate care facilities (ICFs) equal to 6.5% of their gross receipts, effective April 1, 2003. These fees will be paid directly to the GF and are not included in Medi-Cal's budget. The facilities will receive a rate increase to cover the cost of the fee for persons eligible for Medi-Cal. The cost of that rate increase is included in the Medi-Cal budget and is expected to be \$8.9 million GF in 2003-04, increasing by \$26.7 million GF in 2003-04 to \$35.6 million. The net savings to the state is expected to be \$4.5 million GF in 2002-03 and \$17.8 million GF in 2003-04.
6. PC 113 Provider 10% Rate Reduction: The Governor's Mid-Year Reduction Proposal includes a 10% provider rate reduction for all Medi-Cal providers except for hospital inpatient, hospital outpatient, state hospital/developmental center, federally qualified health center and rural health clinic providers. The reduction does not apply to local assistance interagency agreements and contracts, services where the nonfederal share is made by means of a certified public expense, or supplemental reimbursements. This rate reduction is effective in April 2003 and will result in savings of \$90.4 million GF in 2003-04, increasing by \$388.2 million GF in 2003-04 to a savings of \$478.6 million GF.
7. -- Wage Rate Adjustment for LTC: The 2002-03 Appropriation included funding for a wage rate adjustment for LTC providers with bargaining agreements or contracts to increase the wages of their employees. This funding is only available to the extent that Department of Finance determines that there is sufficient funding available for this program. Due to budget constraints, this funding is being eliminated, resulting in a savings of \$21 million GF in 2002-03.
8. 2002 Savings Proposals: The 2002-03 Appropriation included savings from a number of proposals developed by the Administration and the Legislature. These included contracting for durable medical equipment and lab services, the expansion of medical case management, a reduction in dental services for adults, numerous changes to the way we pay for drugs, a \$0.40 reduction in pharmacy payments and changes to the way we pay for

medical supplies. The delay in the passage of the budget until September 2002 delayed the implementation of these savings proposals; therefore, the expected savings will be \$92.2 million GF less than anticipated. In addition, AB 3006 (Chapter 1164, Statutes of 2002), which was signed after the budget was enacted, eliminated the provider rate reduction that was included in the 2002-03 Appropriation. This increases the 2002-03 Medi-Cal budget by \$71.1 million GF. In 2003-04, the savings proposals are expected to save \$90.6 million GF over the savings expected in 2002-03.

9. Legislative Adjustments: In developing the budget for 2002-03, the Legislature expected savings to be generated from additional anti-fraud activities, expansion of the PACE Program and lower eligibles than estimated in May. These savings, which were included in the 2002-03 Appropriation, are not expected to occur as envisioned; therefore, the 2002-03 Medi-Cal budget has been increased by \$124.1 million GF.
10. PC 1 Family PACT: The number of users of Family PACT's family planning services continues to increase, which is expected to result in costs in 2002-03 of \$11.1 million GF in excess of the Appropriation. In 2003-04, costs are expected to increase an additional \$2.8 million GF.
11. PC 2 Craig Lawsuit: The court has ordered the Department to continue Medi-Cal benefits to most individuals discontinued from SSI/SSP until the Department can provide the court with a plan for doing an ex-parte eligibility determination for them, as required by SB 87 (Chapter 1088, Statutes of 2002). The cost of continuing eligibility for this group is expected to be \$86.5 million in 2002-03. Based on the plan being presented to the court, the cost for benefits for 2003-04 is expected to be \$93.9 million GF, an increase of \$7.5 million GF from 2002-03.
12. PC 24 Adult Day Health Care - CDA: Costs for the Adult Day Health Care (ADHC) Program administered by the Department of Aging are expected to increase \$8.9 million GF from the Appropriation in 2002-03 and \$32.3 million GF from 2002-03 to 2003-04. These increases are primarily due to the continuing increases in the number of persons receiving ADHC.
13. PC 45 Fetal Fibronectin During Pregnancy: The fetal fibronectin test allows physicians to determine whether a woman is in preterm labor and needs to be hospitalized. If the test is negative, hospital days can be avoided. Medi-Cal began covering this test in October 2001, but the use of the test has been lower than anticipated, thereby also lowering the savings. In 2002-03 the savings is \$17.8 million less than anticipated. In 2003-04, the savings is expected to increase by \$9.6 million GF.
14. PC 70 Mental Health Services: Mental health services provided by the counties to persons under 21 through the mental health services program administered by the Department of Mental Health have continued to increase. Costs in 2002-03 have increased

by \$78.2 million over the Appropriation due to continued growth in the current year and more growth than expected in 2000-01, which resulted in final settled claims totaling \$35.1 million GF more than was budgeted in that year. Costs in 2003-04 are expected to increase by an additional \$35.1 million GF.

15. PC 71 Buy-In: California pays the Part B (outpatient) Medicare premiums for all Medi-Cal beneficiaries. In addition, we pay Part A (inpatient) premiums for those Medi-Cal beneficiaries that are not automatically eligible, if they apply as a Qualified Medicare Beneficiary and for Part A coverage. The costs of Buy-In increase as more persons apply for Part A coverage and more persons with Medicare coverage apply for Medi-Cal. In addition, premiums usually increase each year in January, although this year the Part A premium went down, from \$319 to \$316 per month. Costs for 2002-03 are expected to be \$11.2 million GF in excess of the amount included in the May 2002 Estimate. Costs in 2003-04 are expected to increase by an additional \$54.1 million GF.
16. PC 81 FY 2002-03 LTC Rate Adjustment: The final rate adjustment for long-term care facilities granted in August 2002 was \$3.1 million GF higher than estimated in the May 2002 Estimate. In 2003-04 the adjustment is effective for 12 months, increasing the costs by an additional \$1.1 million GF.
17. PC 85 Annual MEI Increase for FQHCs: Under the federally required prospective payment system for Federally Qualified Health Centers and Rural Health Clinics, these providers are entitled to an annual rate increase equal to the increase in the Medicare Economic Index. A 2.6% increase is being given with an effective date of October 1, 2002. The cost of this increase in 2002-03 is \$4.1 million GF. In 2003-04, there will be 12 months of payments and an additional October 1 increase, resulting in a cost increase of \$5.6 million GF for a total of \$9.7 million GF.
18. PC 114 2000-01 Anti-Fraud Expansion: The Department's anti-fraud effort is expected to result in savings of \$205.8 million GF in 2002-03, a decrease of \$21.5 million from the savings anticipated in the May 2002 Estimate. The continuing anti-fraud activities are expected to generate an additional \$165.9 million GF in savings in 2003-04.
19. Base: Unanticipated Eligible Growth: The May 2002 Estimate included policy changes estimating growth for a number of expansions of the Medi-Cal Program: Expansion of the 1931(b) Program to 100% of Poverty, Elimination of the Quarterly Status Report, Twelve Month Continuing Eligibility for Children, and Expansion of Coverage for the Aged and Disabled to approximately 133% of poverty. Growth in the eligibility categories impacted by these changes is higher than anticipated and is unabated. In addition, the growth in the aged receiving SSI/SSP is greater than anticipated. Overall the number of average monthly eligibles is expected to be 56,000 greater than expected in May with a resultant cost of \$79.6 million GF.

20. Base: Increase in Units/User: The base estimate reflects the fact that the number of prescriptions and physician visits per beneficiary has increased. The impact of this increase is \$45.5 million GF.
21. Base: Increased Cost/Unit: In 2002-03 there are additional costs of \$23.0 million GF for increases in the cost per unit of service over what was anticipated in the May Estimate. This increase is mainly due to increases in the costs for physician services and drugs. Drug costs are expected to continue to increase in 2003-04. Based on current projections, the increase in the actual costs for drugs in that year is expected to be \$143.9 million GF. This will be offset to some extent by increased drug rebates, which are expected to increase as well. The rebate savings are discussed under Budget Year.
22. Base: Impact of 2001-02 Inpatient Rate Increases: Hospital rate increases are included in the Medi-Cal budget after they are negotiated. In 2001-02 rate increases were granted that increase inpatient costs in 2002-03 by \$55.5 million GF.
23. Base: Increase in Users (not related to eligible growth): The number of fee-for-service beneficiaries utilizing services has increased more than anticipated in the May 2002 Estimate. After subtracting the impact of the increase in users caused by new eligibles, the base reflects costs of \$76.2 million GF for increased users of fee-for-service benefits. This increase in users is the most significant among aged and disabled SSI/SSP recipients and aged medically needy.
24. Base: Continuing Eligibility Children in Managed Care: In the May 2002 Estimate it was assumed that 60% of the children eligible for Medi-Cal due to twelve month continuing eligibility for children would be enrolled in managed care and the remainder would receive fee-for-service benefits. A cost of \$11.06 per month was used for fee-for-service for the cost of dental capitation payments, as data indicated that other services were not being used by those continuing children eligible for fee-for-service. Current data indicate that the 80% of the children remaining eligible due to twelve month continuing eligibility are enrolled in managed care. The payment of capitation payments for these children, when minimal costs were anticipated, has resulted in costs of \$55 million GF.
25. Base: Prenatal Coverage for Undocumented Women: California provides coverage for prenatal care to undocumented women with 100% state funding. The increase in eligibles includes increases for undocumented aliens and the cost for the total services provided to them are included under eligible growth. The \$10.9 million GF identified here is the cost of the prenatal care that would be covered by federal financial participation if it was available.
26. County Administration: County Administration costs are expected to increase by \$35.6 million GF in 2002-03 and \$113.1 million GF in 2003-04. The most significant reason for the increased costs is the full funding being provided to cover the actual costs of salary

increases in the counties. Overhead costs are a percent of salary costs, so they also increased. In addition, there is funding for expected caseload increases.

27. Fiscal Intermediary: Costs for the fiscal intermediary have increased by \$13.5 million GF over the costs included in the Appropriation, due to the increased number of claims being paid, a direct result of the increased number of eligibles; the requirement that information on the availability of managed care be sent to all persons who can voluntarily enroll; and the Takeover costs of the new fiscal intermediary contract signed with Electronic Data Systems (EDS). In 2003-04 costs are expected to decrease by \$7.8 million GF due mainly to the new EDS contract.
28. All Other: All other changes amount to an increase of \$6.4 million compared to the 2002-2003 Appropriation. These changes include the net impact of all other changes not listed above.

Budget Year (FY 2003-2004) Projected Expenditures

(Dollars in Millions)

Total Medi-Cal local assistance expenditures in the Department of Health Services (DHS) budget in the Budget Fiscal Year as compared to Current Year are as follows:

Total Expenditures	FY 2002-2003		FY 2003-2004		Change	
	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds
Medical Care Services	\$27,133.0	\$11,884.4	\$25,385.4	\$10,982.2	(\$1,747.6)	(\$902.2)
County Administration	\$1,679.9	\$495.6	\$2,015.5	\$607.2	\$335.6	\$111.6
Fiscal Intermediary	\$355.7	\$111.7	\$322.0	\$103.6	(\$33.7)	(\$8.1)
TOTAL	\$29,168.6	\$12,491.7	\$27,722.9	\$11,693.0	(\$1,445.7)	(\$798.7)

Some DHS programs involve special funding through intergovernmental or voluntary governmental transfers, certification of the non-Federal share, or other non-General Fund special fund sources such as County Share funds. These are as follows:

Special Funding	FY 2002-2003		FY 2003-2004		Change	
	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds	Total Funds	Non-Fed Funds
Medical Care Services	\$3,772.3	\$1,891.9	\$3,894.7	\$4,686.6	\$122.4	\$2,794.7
County Administration	\$379.3	\$1.9	\$438.8	\$0.4	\$59.5	(\$1.5)
Fiscal Intermediary	\$0.8	\$0.8	\$0.6	\$0.5	(\$0.2)	(\$0.3)
TOTAL	\$4,152.4	\$1,894.6	\$4,334.1	\$4,687.5	\$181.7	\$2,792.9

Disregarding the expenditures which involve special funding and have no General Fund impact on Item 4260-XXX-0001, the estimated expenditures funded by State General Fund (Items 4260-101, 4260-102, 4260-113, & 4260-117) are as follows:

Total General Fund Expenditures	FY 2002-2003		FY 2003-2004		Change	
	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund
Medical Care Services	\$23,360.7	\$9,992.5	\$21,490.7	\$6,295.6	(\$1,870.0)	(\$3,696.9)
County Administration	\$1,300.6	\$493.7	\$1,576.7	\$606.8	\$276.1	\$113.1
Fiscal Intermediary	\$354.9	\$110.9	\$321.4	\$103.1	(\$33.5)	(\$7.8)
TOTAL	\$25,016.2	\$10,597.1	\$23,388.8	\$7,005.5	(\$1,627.4)	(\$3,591.6)

Expenditures for programs administered by other State Departments are budgeted in the DHS budget, often as only the Federal share. Expenditures for other State Department's programs included in the DHS budget are as follows:

Other State Dept. Programs	FY 2002-2003		FY 2003-2004		Change	
	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund
Medical Care Services	\$3,907.6	\$514.3	\$4,103.9	\$574.5	\$196.3	\$60.2
County Administration	\$329.2	\$25.5	\$379.4	\$24.5	\$50.2	(\$1.0)
Fiscal Intermediary	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL	\$4,236.8	\$539.8	\$4,483.3	\$599.0	\$246.5	\$59.2

Disregarding the expenditures which are not under the direct control of DHS, the estimated DHS administered Medi-Cal local assistance expenditures funded by State General Fund are shown below.

DHS General Fund Expenditures	FY 2002-2003		FY 2003-2004		Change	
	Total Funds	General Fund	Total Funds	General Fund	Total Funds	General Fund
Medical Care Services	\$19,453.1	\$9,478.2	\$17,386.8	\$5,721.1	(\$2,066.3)	(\$3,757.1)
County Administration	\$971.4	\$468.2	\$1,197.3	\$582.3	\$225.9	\$114.1
Fiscal Intermediary	\$354.9	\$110.9	\$321.4	\$103.1	(\$33.5)	(\$7.8)
TOTAL	\$20,779.4	\$10,057.3	\$18,905.5	\$6,406.5	(\$1,873.9)	(\$3,650.8)

The Medi-Cal General Fund costs in the 2003-04 Budget Year in Item as changed from the 2002-03 Current Year are further explained as follows (dollars in millions):

Mid-Year Reduction Proposal:

PC 20	Reinstatement of Quarterly Status Reporting	-80.0
PC 21	Rollback of Section 1931(b) Expansion	-111.8
PC 30	Dental Services for Pregnant Women	-5.2
PC 48	Optional Benefit Eliminations	-298.6
PC 83	ICF-DD Quality Assurance Fee	+26.7
PC 113	Provider 10% Rate Reduction	-388.2

Governor's Budget Reduction Proposals:

PC 16	Elimination of 2 nd Year Transitional Medi-Cal	-2.0
PC 17	Rollback of Aged & Disabled FPL Program Exp.	-63.8
PC 18	County Administration Accountability	-194.0
PC 98	County Funding for LTC	-1,400.0
PC 102	County Share of Medi-Cal Costs	-1,620.0
PC 105	Billing Audits for Medicare Payments	-1.5
PC 106	Increased Estate Recoveries	-5.3
PC 107	New Utilization/Payment Controls	-38.0
PC 108	Additional 5% Provider Rate Reduction	-241.9

2002 Savings Proposals:

PC 39	DME/Lab Contracting	-14.3
PC 40	Medical Case Management	-18.0
PC 43	Dental Services Reduction	-2.0
PC 49	Drug Budget Reduction	-45.5
PC 109	Drug Reimbursement Reduction	-2.4
PC 111	Medical Supply Reduction	-8.4

2003-04 Eligibility Expansions:

PC 8	CHDP Gateway – Preenrollment	+57.2
PC 9	CHDP Gateway – Medi-Cal Eligibles	+54.9
PC 10	Non-Assistance Food Stamp Eligibles	+3.9
PC 11	National School Lunch Program Eligibles	+1.8

Other Policy Changes:

PC 1	Family PACT	+2.8
PC 3	Breast and Cervical Cancer Treatment	+7.0
PC 24	Adult Day Health Care	+32.3
PC 44	Neonatal Intensive Care Decrease	-1.0
PC 45	Fetal Fibronectin During Pregnancy	-9.6

PC 50	State Supplemental Drug Rebates	-21.2
PC 51	Federal Drug Rebate Program	-58.1
PC 70	Mental Health Services	+35.1
PC 71	Buy-In	+54.1
PC 75	Orthopaedic Hospital Settlement	+12.0
PC 81	FY 2002-03 LTC Rate Adjustment	+1.1
PC 85	Annual MEI Increase for FQHCs	+5.6
PC 95	Nurse Staffing Ratios for Hospitals	+21.6
PC 96	Minor Consent Settlement	+13.9
PC 114	FY 2000-01 Anti-Fraud Expansion	-165.9
<i>Base:</i>		
	Loss of Tobacco Settlement Funds	+235.2
	Eligible Growth	+395.2
	Increased Drug Cost/Unit	+143.9
<i>County Administration:</i>		+113.1
<i>Fiscal Intermediary</i>		-7.8
<i>All Other Changes</i>		<u>-4.5</u>
<i>Net General Fund Change</i>		-3,591.6

The following paragraphs briefly describe the items above that were not discussed under 2002-03:

1. PC 16 Elimination of 2nd Year Transitional Medi-Cal: The Governor's Budget proposes to eliminate the state only program that provides a second year of transitional coverage to persons who would otherwise lose Medi-Cal eligibility due to increased earnings. The savings in 2003-04 is expected to be \$2 million GF.
2. PC 17 Rollback of Aged & Disabled FPL Program Expansion: In January 2001, Medi-Cal coverage for aged and disabled persons was expanded, through the use of income deductions, to cover persons with income up to 133% of poverty. The Governor's Budget proposes to roll back this expansion to only cover persons with income below the SSI/SSP grant level. This reduction, to be implemented in October 2003, is expected to save \$63.8 million GF in 2003-04.
3. PC 18 County Administration Accountability: The funding being included in both 2002-03 and 2003-04 to cover the counties' actual costs for salaries and overhead is expected to allow them to hire sufficient staff to process Medi-Cal applications and

redeterminations in a timely manner. This is expected to result in savings in 2003-04 of \$194 million GF.

4. PC 98 County Funding for LTC and PC 102 County Share of Medi-Cal Costs: The Governor's Budget proposes that state revenue be realigned to the counties. The state cost of skilled nursing services for Medi-Cal eligibles will be funded through these realignment funds, as will 15% of the state cost of services provided to Medi-Cal beneficiaries through the fee-for-service and managed care systems administered by the Department. The savings in 2003-04 resulting from this realignment has been estimated to be \$1.4 billion GF for the LTC services and \$1.62 billion GF for the 15% share.
5. PC 105 Billing Audits for Medicare Payments: The Governor's Budget proposes the addition of staff to identify, calculate and recover overpayments made as the result of inappropriate payments made for persons in nursing facilities who are Medicare eligible. The savings is expected to be \$1.5 million in 2003-04.
6. PC 106 Increased Estate Recoveries: The Governor's Budget proposes to increase the staff dedicated to the recovery of Medi-Cal costs from the estates of persons eligible for Medi-Cal. This additional staffing is expected to generate increased recoveries of \$5.3 million in 2003-04.
7. PC 107 New Utilization/Payment Controls: The Department expects to add new utilization and payment controls on various Medi-Cal covered services in 2003-04, which are expected to result in savings of \$38 million.
8. PC 108 Additional 5% Provider Rate Reduction: In addition to the 10% provider rate reduction proposed in the Mid-Year Reduction Proposal, the Governor's Budget proposes an additional 5% reduction to be effective July 2003. This additional provider rate reduction is expected to result in savings of \$241.9 million in 2003-04.
9. PC 8 CHDP Gateway – Preenrollment: The Budget Act of 2002 implements the CHDP Gateway Program to facilitate Medi-Cal and Healthy Families applications for children receiving Child Health and Disability Prevention screens. All children not eligible for Medi-Cal or Healthy Families will receive two months of preenrollment coverage at the time of their screen. They will be sent application forms to facilitate their application for ongoing benefits. The cost of preenrollment coverage is expected to be \$57.2 million GF in 2003-04.
10. PC 9 CHDP Gateway – Medi-Cal Eligibles: The CHDP Gateway is expected to increase the number of families that become eligible for Medi-Cal. The costs, which will phase in throughout 2003-04, are expected to be \$54.9 GF million in that year.

11. PC 10 Non-Assistance Food Stamp Eligibles: SB 493 (Chapter 897, Statutes of 2001) requires that, effective July 1, 2003, the county welfare departments provide notices regarding Medi-Cal to persons applying for/being recertified for Non-Assistance Food Stamps. The notices request permission to use the Food Stamp information to determine Medi-Cal eligibility. The cost of the additional eligibles added through this process is expected to be \$3.9 million GF in 2003-04.
12. PC 11 National School Lunch Program Eligibles: AB 59 (Chapter 894, Statutes of 2001), which will be implemented in July, 2003, will establish "express lane eligibility" for children eligible for the National School Lunch Program (NSLP) on a pilot basis. Parents can request Medi-Cal coverage for their children through the NSLP application process and two months of coverage will be provided while any information necessary for ongoing eligibility is gathered. Costs are expected to be \$1.8 million GF in 2003-04.
13. PC 3 Breast and Cervical Cancer Treatment: The Breast and Cervical Cancer Treatment Program is expected to continue to grow in 2003-04, providing coverage to an estimated 8,939 women and men by the end of the year. The increase in cost in 2003-04 is expected to be \$7.0 million GF.
14. PC 50 State Supplemental Drug Rebates and PC 51 Federal Drug Rebate Program: As the costs for drugs continue to climb, rebates on those drugs increase. In addition, Department staff continues to negotiate new contracts with manufacturers. The savings from state negotiated rebates is expected to be \$21.2 million GF higher than in 2002-03. Savings from federally mandated drug rebates is expected to increase by \$58.1 million GF.
15. PC 75 Orthopaedic Hospital Settlement: Under the settlement in *Orthopaedic Hospital v. Belshe*, the rates for hospital outpatient services were increased by 30% in 2000-01 and are to increase in each subsequent year. The total increase in 2003-04 is expected to be 38.81%, up from 34.3% in 2002-03. The cost of the settlement is expected to increase by \$12 million GF in 2003-04.
16. PC 95 Nurse Staffing Ratios for Hospitals: AB 394, (Chapter 945, Statutes of 1999) requires the Department adopt regulations to establish minimum nurse to patient ratios for acute care and psychiatric hospitals by specific care unit. These regulations are expected to be in place in January 2004. The impact will be to all hospitals; the Medi-Cal share of that impact is expected to be \$21.6 million GF in 2003-04.
17. PC 86 Minor Consent Settlement: The Department expects to repay the federal government \$13.9 million GF in 2003-04 as part of the settlement of an Office of Inspector General Audit related to the claiming of federal funds for services to minors that were not eligible for federal financial participation. The remainder of the \$66,500,000 owed will be paid over 10 years.

18. Base: Loss of Tobacco Settlements Funds: In 2002-03, Tobacco Settlement Funds are being used to fund the Breast and Cervical Cancer Treatment Program and part of the cost of the expansion of the 1931(b) Program to 100% of poverty. These funds will no longer be available in 2003-04, leaving \$235.2 million that must be funded with GF.
19. Base: Eligible Growth: Without the reduction proposals discussed above, eligibles would be expected to continue to grow through 2003-04. The cost of the increase in base eligibles of 305,122 is expected to be \$395.2 million GF. The caseload charts under the Caseload Tab in the Estimate provide information on the eligible reductions expected due to the various reductions proposed by the Mid-Year Reduction Proposal and the Governor's Budget. The savings for these reductions is included in the policy changes.
20. All Other: All other changes amount to an decrease of \$4.5 million GF compared to 2002-2003. These changes include the net impact of all other changes not listed above.

IV. General Information

This estimate is based on actual payment data through August 2002. Estimates for both fiscal years are on an accrual basis.

Costs payable with special refugee funds are identified as a distinct federal fund item as are federal funds for Capital Debt reimbursements. Intergovernmental transfer funds, voluntary governmental transfer funds and General Funds for Capital Debt reimbursement are included as state funds but are separately identified in the Funding Summary. Healthy Families (Title XXI) costs incurred by the Department are included in the Estimate but separately identified in the Funding Summary.

The Miscellaneous Non-Fee-For-Service Category includes expenditures for Home and Community Based Services -- DDS, Targeted Case Management Services -- DDS, Personal Care Services, Extended State Plan Personal Care Services, HIPPA premiums, Medicare HMO premiums, Targeted Case Management, and the Los Angeles County Medicaid Demonstration Project.

The estimate aggregates expenditures for three sub-categories under a single Managed Care heading. These sub-categories are Prepaid Health Plans, County Organized Health Systems, and PCCM/Other Managed Care. The latter includes PCCMs, On Lok, PACE, SCAN, and for now, Geographic Managed Care and Two Plan Model.

Should a projected deficiency exist, Section 14157.6 of the Welfare and Institutions Code authorizes appropriation, subject to 30-day notification to the Legislature, of any federal or county funds received for expenditures in prior years. At this time, no prior year General Funds have been identified to be included in the above estimates as abatements against current year costs.

Range Estimate

There is considerable uncertainty associated with projecting Medi-Cal expenditures, which vary according to the number of persons eligible for Medi-Cal, the number and type of services these people receive, and the cost of providing these services. Additional uncertainty is created by monthly fluctuations in claims processing, federal audit exceptions, and uncertainties in the implementation dates for policy changes which often require approval of federal waivers, changes in regulations, and in some cases, changes in the adjudication process at the fiscal intermediary. Also, the unprecedented drop in AFDC/CalWORKS eligibles, the massive change associated with the transition to the managed care two plan model, the expansion of Medi-Cal to new groups of eligibles, the provision of continuing eligibility to children along with elimination of the quarterly status report for adults, and now the numerous reduction proposals in the Mid-Year Reduction Proposal and 2003 Proposed Governor's Budget inject major new sources of uncertainty for the next several years.

It is assumed that expenditures may vary normally by four percent from the mid-range projection. It is believed this is consistent with the accuracy observed in most large economic regression models. The Estimate includes two months of current year data; hence, a 3.3% variation is assumed for the current year and 4.0% for the budget year. DSH, VGT and Capital Debt payments are excluded from this calculation.

Total Uncertainty
(Dollars in Thousands)

	<u>FY 2002- 2003</u>		<u>FY 2003-2004</u>	
	Total	State Funds	Total	State Funds
Normal Variation	+/- \$787,382	+/- \$338,197	+/- \$884,770	+/- \$373,967

Medi-Cal Funding Summary
Fiscal Year 2002-2003

TOTAL FUNDS

	Initial Appropriation Estimate	Revised* General Fund Appropriation	Nov 2002 Estimate	Nov. 02 Estimate vs. Rev. Approp Incr./(Decr.)
MEDI-CAL:				
4260-101-0001/0890(3)	\$22,926,006,000	\$22,758,656,000	\$25,044,688,000	\$2,118,682,000
4260-101-0693 Vol. Gov. Trans.	\$688,778,000	\$688,778,000	\$672,000,000	(\$16,778,000)
Ch. 279/91 (SB 855 Transfer)	\$85,000,000	\$85,000,000	\$85,000,000	\$0
4260-102-0001/0890 Capital Debt	\$129,739,000	\$129,739,000	\$129,304,000	(\$435,000)
4260-103-0890 Refugee	\$9,512,000	\$9,512,000	\$8,526,000	(\$986,000)
4260-606-0834 (SB 855 DSH)	\$899,802,000	\$899,802,000	\$899,802,000	\$0
4260-113-0001/0890 (Healthy Families)	\$60,578,000	\$60,578,000	\$58,492,000	(\$2,086,000)
4260-101-3020 Tob. Settlement Fund	\$235,143,000	\$235,143,000	\$235,143,000	\$0
TOTAL MEDI-CAL	\$25,034,558,000	\$24,867,208,000	\$27,132,955,000	\$2,098,397,000
COUNTY ADMINISTRATION:				
4260-101-0001/0890(1)	\$1,444,816,000	\$1,444,816,000	\$1,635,244,000	\$190,428,000
4260-103-0890 Refugee	\$348,000	\$348,000	\$318,000	(\$30,000)
4260-610-0995 (Reimbursements)	\$1,922,000	\$1,922,000	\$1,866,000	(\$56,000)
4260-113-0001/0890 (Healthy Families)	\$10,691,000	\$10,691,000	\$9,246,000	(\$1,445,000)
4260-101-0890(4) Prior Year Reconcil.	\$0	\$0	\$29,212,000	\$29,212,000
4260-117-0890 (HIPAA)	\$6,203,000	\$6,203,000	\$4,048,000	(\$2,155,000)
TOTAL COUNTY ADMIN.	\$1,463,980,000	\$1,463,980,000	\$1,679,934,000	\$215,954,000
FISCAL INTERMEDIARY:				
4260-101-0001/0890 (2)	\$294,414,000	\$294,414,000	\$319,615,000	\$25,201,000
4260-103-0890 Refugee	\$134,000	\$134,000	\$115,000	(\$19,000)
4260-601-3029 (Golden Bear Loan)	\$750,000	\$750,000	\$0	(\$750,000)
4260-113-0001/0890 (Healthy Families)	\$92,000	\$92,000	\$97,000	\$5,000
4260-117-0001/0890 (HIPAA)	\$35,125,000	\$35,125,000	\$35,125,000	\$0
4260-101-3020 (Tobacco Settlement)	\$63,000	\$63,000	\$63,000	\$0
4260-610-0995 (Reimbursements)	\$1,685,000	\$1,685,000	\$711,000	(\$974,000)
TOTAL FISCAL INTERMEDIARY	\$332,263,000	\$332,263,000	\$355,726,000	\$23,463,000
GRAND TOTAL - ALL FUNDS	\$26,830,801,000	\$26,663,451,000	\$29,168,615,000	\$2,337,814,000

* In December 2002, the Appropriation was revised to reflect the Governor's mid-year spending reduction proposals. This revision reduced the General Fund Appropriation for benefits (Item 4260-101-0001) by \$167,350,000. No revisions were made to the Federal Fund appropriation.

Medi-Cal Funding Summary
Fiscal Year 2002-2003
November 2002 Estimate
STATE FUNDS

MEDI-CAL:	Initial General Fund Appropriation	Revised* General Fund Appropriation	Nov 2002 Estimate	Nov. 02 Estimate vs. Rev. Approp Incr./(Decr.)
4260-101-0001(3)	\$9,202,850,000	\$9,035,500,000	\$9,910,849,000	\$875,349,000
4260-101-0693 Vol. Gov. Trans.	\$688,778,000	\$688,778,000	\$672,000,000	(\$16,778,000)
Ch. 279/91 (SB 855 Transfer)	\$85,000,000	\$85,000,000	\$85,000,000	\$0
4260-102-0001 Capital Debt	\$64,415,000	\$64,415,000	\$64,200,000	(\$215,000)
4260-606-0834 (SB 855 DSH)	\$899,802,000	\$899,802,000	\$899,802,000	\$0
4260-113-0001 (Healthy Families)	\$18,621,000	\$18,621,000	\$17,387,000	(\$1,234,000)
4260-101-3020 Tob. Sett. Fund	\$235,143,000	\$235,143,000	\$235,143,000	\$0
TOTAL MEDI-CAL	\$11,194,609,000	\$11,027,259,000	\$11,884,381,000	\$857,122,000
Total Medi-Cal General Fund	\$9,285,886,000	\$9,118,536,000	\$9,992,436,000	\$873,900,000
COUNTY ADMINISTRATION:				
4260-101-0001(1)	\$454,573,000	\$454,573,000	\$490,784,000	\$36,211,000
4260-610-0995 (Reimbursements)	\$1,922,000	\$1,922,000	\$1,866,000	(\$56,000)
4260-113-0001 (Healthy Families)	\$3,472,000	\$3,472,000	\$2,909,000	(\$563,000)
TOTAL COUNTY ADMIN.	\$459,967,000	\$459,967,000	\$495,559,000	\$35,592,000
Total Co. Admin. General Fund	\$458,045,000	\$458,045,000	\$493,693,000	\$35,648,000
FISCAL INTERMEDIARY:				
4260-101-0001(2)	\$91,780,000	\$91,780,000	\$105,320,000	\$13,540,000
4260-601-3029 (Golden Bear Loan)	\$750,000	\$750,000	\$0	(\$750,000)
4260-117-0001 (HIPAA)	\$5,621,000	\$5,621,000	\$5,621,000	\$0
4260-113-0001 (Healthy Families)	\$32,000	\$32,000	\$34,000	\$2,000
4260-101-3020 (Tobacco Sett.)	\$63,000	\$63,000	\$63,000	\$0
4260-610-0995 (Reimbursements)	\$1,685,000	\$1,685,000	\$711,000	(\$974,000)
TOTAL FISCAL INTERMEDIARY	\$99,931,000	\$99,931,000	\$111,749,000	\$11,818,000
Total FI General Fund	\$97,433,000	\$97,433,000	\$110,975,000	\$13,542,000
GRAND TOTAL - STATE FUNDS	\$11,754,507,000	\$11,587,157,000	\$12,491,689,000	\$904,532,000
Grand Total General Fund	\$9,841,364,000	\$9,674,014,000	\$10,597,104,000	\$923,090,000

* In December 2002, the Appropriation was revised to reflect the Governor's mid-year spending reduction proposals. This revision reduced the General Fund Appropriation for benefits (Item 4260-101-0001) by \$167,350,000. No revisions were made to the Federal Fund appropriation.

Medi-Cal Funding Summary
Fiscal Year 2002-2003
November 2002 Estimate
FEDERAL FUNDS

MEDI-CAL:	Initial Federal Fund Appropriation	Revised* Federal Fund Appropriation	Nov 2002 Estimate	Nov. 02 Estimate vs. Rev. Approp Incr./(Decr.)
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4260-101-0890(3)	\$13,723,156,000	\$13,723,156,000	\$15,133,839,000	\$1,410,683,000
4260-102-0890 Capital Debt	\$65,324,000	\$65,324,000	\$65,104,000	(\$220,000)
4260-103-0890 Refugee	\$9,512,000	\$9,512,000	\$8,526,000	(\$986,000)
4260-113-0890 (Healthy Families)	\$41,957,000	\$41,957,000	\$41,105,000	(\$852,000)
TOTAL MEDI-CAL	\$13,839,949,000	\$13,839,949,000	\$15,248,574,000	\$1,408,625,000
	=====	=====	=====	=====
COUNTY ADMINISTRATION:				

4260-101-0890(1)	\$990,243,000	\$990,243,000	\$1,144,460,000	\$154,217,000
4260-101-0890(4) Prior Year Reconcil.	\$0	\$0	\$29,212,000	\$29,212,000
4260-117-890 (HIPAA)	\$6,203,000	\$6,203,000	\$4,048,000	(\$2,155,000)
4260-103-0890 Refugee	\$348,000	\$348,000	\$318,000	(\$30,000)
4260-113-0890 (Healthy Families)	\$7,219,000	\$7,219,000	\$6,337,000	(\$882,000)
TOTAL COUNTY ADMIN.	\$1,004,013,000	\$1,004,013,000	\$1,184,375,000	\$180,362,000
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FISCAL INTERMEDIARY:				

4260-101-0890(2)	\$202,634,000	\$202,634,000	\$214,295,000	\$11,661,000
4260-117-0890 (HIPAA)	\$29,504,000	\$29,504,000	\$29,504,000	\$0
4260-103-0890 Refugee	\$134,000	\$134,000	\$115,000	(\$19,000)
4260-113-0890 (Healthy Families)	\$60,000	\$60,000	\$63,000	\$3,000
TOTAL FISCAL INTERMEDIARY	\$232,332,000	\$232,332,000	\$243,977,000	\$11,645,000
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GRAND TOTAL - FEDERAL FUNDS	\$15,076,294,000	\$15,076,294,000	\$16,676,926,000	\$1,600,632,000
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* In December 2002, the Appropriation was revised to reflect the Governor's mid-year spending reduction proposals. This revision reduced the General Fund Appropriation for benefits (Item 4260-101-0001) by \$167,350,000. No revisions were made to the Federal Fund appropriation.

**Medi-Cal Funding Summary
November 2002 Estimate**

TOTAL FUNDS

MEDI-CAL:	FY 2002-03 Estimate	FY 2003-04 Estimate	Difference Incr./(Decr.)
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4260-101-0001/0890(3)	\$25,044,688,000	\$20,481,360,000	(\$4,563,328,000)
4260-101-0693 Vol. Gov. Trans.	\$672,000,000	\$658,000,000	(\$14,000,000)
Ch. 279/91 (SB 855 Transfer)	\$85,000,000	\$85,000,000	\$0
4260-102-0001/0890 Capital Debt	\$129,304,000	\$103,722,000	(\$25,582,000)
4260-103-0890 Refugee	\$8,526,000	\$9,860,000	\$1,334,000
4260-606-0834 (SB 855 DSH)	\$899,802,000	\$923,197,000	\$23,395,000
4260-101-3049 County Share	\$0	\$3,020,000,000	\$3,020,000,000
4260-113-0001/0890 (Healthy Families)	\$58,492,000	\$103,780,000	\$45,288,000
4260-101-3020 Tob. Settlement Fund	\$235,143,000	\$0	(\$235,143,000)
4260-610-0995 Reimbursements	\$0	\$444,000	\$444,000
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TOTAL MEDI-CAL	\$27,132,955,000	\$25,385,363,000	(\$1,747,592,000)
	=====	=====	=====
COUNTY ADMINISTRATION:			

4260-101-0001/0890(1)	\$1,635,244,000	\$2,007,539,000	\$372,295,000
4260-103-0890 Refugee	\$318,000	\$398,000	\$80,000
4260-610-0995 (Reimbursements)	\$1,866,000	\$422,000	(\$1,444,000)
4260-113-0001/0890 (Healthy Families)	\$9,246,000	\$3,193,000	(\$6,053,000)
4260-101-0890(4) Prior Year Reconcil.	\$29,212,000	\$0	(\$29,212,000)
4260-117-890 (HIPAA)	\$4,048,000	\$3,963,000	(\$85,000)
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TOTAL COUNTY ADMIN.	\$1,679,934,000	\$2,015,515,000	\$335,581,000
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FISCAL INTERMEDIARY:			

4260-101-0001/0890(2)	\$319,615,000	\$286,168,000	(\$33,447,000)
4260-103-0890 Refugee	\$115,000	\$130,000	\$15,000
4260-113-0001/0890 (Healthy Families)	\$97,000	\$67,000	(\$30,000)
4260-117-0001/0890 (HIPAA)	\$35,125,000	\$35,125,000	\$0
4260-101-3020 (Tobacco Settlement)	\$63,000	\$0	(\$63,000)
4260-610-0995 (Reimbursements)	\$711,000	\$487,000	(\$224,000)
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TOTAL FISCAL INTERMEDIARY	\$355,726,000	\$321,977,000	(\$33,749,000)
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GRAND TOTAL - ALL FUNDS	\$29,168,615,000	\$27,722,855,000	(\$1,445,760,000)
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**Medi-Cal Funding Summary
November 2002 Estimate**

STATE FUNDS

MEDI-CAL:	FY 2002-03 Estimate	FY 2003-04 Estimate	Difference Incr./.(Decr.)

4260-101-0001(3)	\$9,910,849,000	\$6,211,132,000	(\$3,699,717,000)
4260-101-0693 Vol. Gov. Trans.	\$672,000,000	\$658,000,000	(\$14,000,000)
Ch. 279/91 (SB 855 Transfer)	\$85,000,000	\$85,000,000	\$0
4260-102-0001 Capital Debt	\$64,200,000	\$51,861,000	(\$12,339,000)
4260-606-0834 (SB 855 DSH)	\$899,802,000	\$923,197,000	\$23,395,000
4260-101-3049 County Share	\$0	\$3,020,000,000	\$3,020,000,000
4260-113-0001 (Healthy Families)	\$17,387,000	\$32,593,000	\$15,206,000
4260-610-0995 Reimbursements	\$0	\$444,000	\$444,000
4260-101-3020 Tob. Settlement Fund	\$235,143,000	\$0	(\$235,143,000)
TOTAL MEDI-CAL	\$11,884,381,000	\$10,982,227,000	(\$902,154,000)
Total Medi-Cal General Fund	\$9,992,436,000	\$6,295,586,000	(\$3,696,850,000)
COUNTY ADMINISTRATION:			

4260-101-0001(1)	\$490,784,000	\$606,080,000	\$115,296,000
4260-610-0995 (Reimbursements)	\$1,866,000	\$422,000	(\$1,444,000)
4260-113-0001 (Healthy Families)	\$2,909,000	\$740,000	(\$2,169,000)
TOTAL COUNTY ADMIN.	\$495,559,000	\$607,242,000	\$111,683,000
Total Co. Admin. General Fund	\$493,693,000	\$606,820,000	\$113,127,000
FISCAL INTERMEDIARY:			

4260-101-0001(2)	\$105,320,000	\$97,424,000	(\$7,896,000)
4260-117-0001 (HIPAA)	\$5,621,000	\$5,621,000	\$0
4260-113-0001 (Healthy Families)	\$34,000	\$24,000	(\$10,000)
4260-101-3020 (Tobacco Settlement)	\$63,000	\$0	(\$63,000)
4260-610-0995 (Reimbursements)	\$711,000	\$487,000	(\$224,000)
TOTAL FISCAL INTERMEDIARY	\$111,749,000	\$103,556,000	(\$8,193,000)
Total FI General Fund	\$110,975,000	\$103,069,000	(\$7,906,000)
GRAND TOTAL - STATE FUNDS	\$12,491,689,000	\$11,693,025,000	(\$798,664,000)
Grand Total General Fund	\$10,597,104,000	\$7,005,475,000	(\$3,591,629,000)

**Medi-Cal Funding Summary
November 2002 Estimate**

FEDERAL FUNDS

MEDI-CAL:	FY 2002-03 Estimate	FY 2003-04 Estimate	Difference Incr./(Decr.)
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4260-101-0890(3)	\$15,133,839,000	\$14,270,228,000	(\$863,611,000)
4260-102-0890 Capital Debt	\$65,104,000	\$51,861,000	(\$13,243,000)
4260-103-0890 Refugee	\$8,526,000	\$9,860,000	\$1,334,000
4260-113-0890 (Healthy Families)	\$41,105,000	\$71,187,000	\$30,082,000
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TOTAL MEDI-CAL	\$15,248,574,000	\$14,403,136,000	(\$845,438,000)
	=====	=====	=====
 COUNTY ADMINISTRATION:			

4260-101-0890(1)	\$1,144,460,000	\$1,401,459,000	\$256,999,000
4260-101-0890(4) Prior Year Reconcil.	\$29,212,000	\$0	(\$29,212,000)
4260-117-890 (HIPAA)	\$4,048,000	\$3,963,000	(\$85,000)
4260-103-0890 Refugee	\$318,000	\$398,000	\$80,000
4260-113-0890 (Healthy Families)	\$6,337,000	\$2,453,000	(\$3,884,000)
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TOTAL COUNTY ADMIN.	\$1,184,375,000	\$1,408,273,000	\$223,898,000
	=====	=====	=====
 FISCAL INTERMEDIARY:			

4260-101-0890(2)	\$214,295,000	\$188,744,000	(\$25,551,000)
4260-117-0890 (HIPAA)	\$29,504,000	\$29,504,000	\$0
4260-103-0890 Refugee	\$115,000	\$130,000	\$15,000
4260-113-0890 (Healthy Families)	\$63,000	\$43,000	(\$20,000)
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TOTAL FISCAL INTERMEDIARY	\$243,977,000	\$218,421,000	(\$25,556,000)
	=====	=====	=====
 GRAND TOTAL - FEDERAL FUNDS	\$16,676,926,000	\$16,029,830,000	(\$647,096,000)
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